

WISCONSIN'S
CHILD CARE
SUBSIDY
PROGRAM

March 2004

GOALS OF WISCONSIN SHARES THE CHILD CARE SUBSIDY PROGRAM WHEN DESIGNED IN 1996

- **To make child care subsidies available to ALL low-income families who need child care help in order to work.**

Preference no longer goes to families due to welfare status. Families who have worked hard to avoid welfare dependence receive equal treatment with working families who have been on welfare. The program rewards work and efforts to achieve or maintain self-sufficiency. Families leaving welfare for work have child care help to enable them to remain self-sufficient.

- **To provide incentives to work.**

A major goal of Wisconsin Works (W-2) is to eliminate disincentives to work. By providing ongoing child care support to working families after they leave welfare, and by providing support to low-income families who work, the program intends to make work pay.

- **To eliminate waiting lists for child care for low-income families.**

Waiting lists for child care subsidies have been eliminated in Wisconsin.

- **To create a single child care fund, ending the confusing mix of categorical child care funds.**

The system now has a single fund, with a single set of eligibility standards and rules. No longer are families caught between funds when their work or welfare status changes. No longer is the child care funding system so complicated that parents and providers cannot understand it. A single fund makes for more efficient administration.

- **To ensure parents have a wide range of choice in selecting the child care for their child.** The funding system allows parents to choose from regulated informal care arrangements (friends and relatives), family day care settings, and child care centers. The child care program provides information to parents about selecting child care to meet their needs.

- **To protect children by regulating all child care funded by the state to help ensure basic health and safety standards are met.**

All child care providers reimbursed by the Child Care Subsidy Program have to be licensed or certified as meeting basic health and safety standards. All providers receive on-site inspections and must undergo criminal record checks.



CHILD CARE UNDER WISCONSIN'S WELFARE REFORM PROGRAM

Child care services under Wisconsin Works (W-2), Wisconsin's comprehensive welfare reform initiative, ended multiple categorical funds for low-income families and replaced them with a single, coherent child care funding stream. Wisconsin Shares, the Child Care Subsidy Program, serves all eligible low-income working families, whether or not they have ever participated in AFDC, W-2 or other public assistance programs. The intent of the program is to assure child care support to families which have struggled to stay off of public assistance and to help families entering the work force to sustain employment. The program provides a single, easily understood funding stream that provides seamless continuing funding to working low-income families. There are no time limits for family eligibility. Below are key features of the child care program.

1. Funding Streams

The child care program under W-2 replaced a complicated set of funding streams with a single fund. Combining these funds into a single fund has eliminated the confusion about the former complex funding system and prevents families from being caught between funding streams.

2. Budget and Service Level

Funding levels for child care have increased to nearly six times the level in 1991. The multiple funding streams provided \$53 million in child care subsidies in state fiscal year 1997, serving approximately 17,000 children at a point in time. Additional funds appropriated in late 1996 resulted in the **elimination of waiting lists** for child care statewide.

The 2003-2005 budget provides for **\$298.6** million in the first year and **\$308** million in the second year. The funding is intended to ensure subsidies for all eligible families. In the year 2003, approximately 84,000 children were served.

In addition, funding for child care quality improvements has grown from \$4 million in state fiscal year 1996 to \$12 million in state fiscal year 2004.

3. Eligibility

Families must meet **financial** and **non-financial** eligibility criteria. Families are income eligible if their gross income, not including child and family support payments, is equal to or less than 185% (gross income of \$28,992 per year for a family of 3) of the poverty line. There is no asset test for child care eligibility as of March 2000. After initial eligibility is established, families remain eligible until their income exceeds 200% (gross income of \$31,344 per year for a family of 3) of poverty for two consecutive months. Foster parents and families caring for court-ordered kinship care children are eligible if the birth parent has income under 200% of poverty.

Families meeting the financial standards with child care needs are eligible for child care subsidies for children under age 13 or under age 19 if the child is special needs, and they meet one of the following non-financial eligibility standards:

- the parent is working
- the parent is less than 20 years of age and is enrolled in high school or equivalent
- the parent is participating in any of the four employment positions: W-2 Transitions, Trial Jobs, Community Services Jobs, or Unsubsidized Employment
- the parent is participating in employment skills training and is employed in unsubsidized employment and continues to be employed at some level
- the parent is participating in Food Stamp Employment and Training work search or work experience programs
- the parent is a W-2 applicant engaged in up-front job search, training or orientation

4. Parent Choice and Responsibility

Parents in W-2 child care have the option of choosing among a broad range of child care providers. Parent options include licensed day care centers, licensed family day care homes, and other more informal arrangements (neighbors and relatives) which meet basic health and safety standards. Individuals living in the same home as the child cannot be reimbursed for child care. An individual who comes to the child's home to provide child care can be reimbursed only in specified circumstances.

5. Parent Co-payments

Parents are required to pay a co-payment on a sliding scale based on their income and family size, the number of children in subsidized care, and the type of child care provider chosen. This system is intended to increase parent financial contribution toward the cost of care until they have full responsibility as they leave the subsidy program at 200 percent of poverty. Under the co-payment schedule, no parent is required to pay more than 12 percent of gross income for child care. The lowest income families pay considerably less than 12 percent of gross income. For example, a family of three with two children in child care and income at or below the poverty level pays as little as 3 percent of gross income, and no more than 12 percent of gross income.

Co-payments are not required for Learnfare participants or participants in Food Stamp Employment and Training job search or work experience programs. Co-payments for the care of foster care and court ordered kinship care children are also not required. Co-payments for care of children of teen parents and children in non-court ordered kinship care are set at minimal levels. W-2 participants that leave a W-2 employment position for unsubsidized work also have a minimum copay for one month after leaving W-2.

Children that are authorized for a total of **20** or fewer hours a week will be assessed one half of their share of the regular copay when determining the provider payment.

6. Provider Regulation

Under W-2, child care providers must be **licensed** or **certified**. Licensing laws and rules remain unchanged under the W-2 legislation, except for a requirement for criminal records checks. Licensing is administered at the state level. Licensing includes extensive health and safety standards, staff qualification standards, and ongoing monitoring. Providers are licensed in three categories: group day care centers (serving 9 or more children), family day care centers (serving 4-8 children), and day camps.

Providers who are not required to be licensed are required under W-2 to be certified for public funding. Certification is intended to ensure basic protections for children when public funds pay for child care. Certification standards include criminal record checks and simple health and safety standards. Certification requires a site visit to ensure compliance with standards. The certification includes two categories:

- regular certification, which requires that 15 hours of training have been completed
- provisional certification, which requires no training.

Certified providers caring only for relatives are not eligible to be paid at regular certification rates- they can only be paid at provisionally certified rates. Individuals living in the child's household are not eligible to be certified and cannot be reimbursed for child care provided, unless the child has a special health condition.

7. Reimbursement Rates

Maximum reimbursement rates are set locally, at the county or tribal level. Maximum rates are set for 4 age groupings (under 2 years, 2-3 years, 4-5 years and 6-12 years) for the following provider categories:

- licensed group day care centers: at the 75th percentile of the local market
- licensed family day care centers: at the 75th percentile of the local market
- regularly certified family day care: at 75% of the family day care center rate
- provisionally certified family day care: at 50% of the family day care center rate

Maximum reimbursement rates for child care providers which are **accredited** for meeting high quality standards are 10% higher.

This rate system reflects the private market, and provides incentives for providers to increase their training and qualifications in order to move to higher reimbursement levels.

8. Administration of W-2 Child Care

W-2 agencies are responsible for determining eligibility for the child care subsidy program. Counties and participating tribes are responsible for certifying providers, setting reimbursement rates, authorizing child care services, and reimbursing providers. A statewide automated system helps local agencies determine eligibility for families, authorize child care for eligible children, make payments to providers, send notices to parents and providers, and recover overpayments.

INCOME ELIGIBILITY FOR CHILD CARE UNDER 2004 FEDERAL POVERTY GUIDELINES

Families are eligible for child care if their income is at or below 185% of the Federal Poverty Level (FPL) and families remain eligible until their income exceeds 200% FPL for two consecutive months. Below is a table showing initial and ongoing eligibility income levels by family size, using 2004 FPL levels as determined by the federal government.

family size	INITIAL income eligibility level for W-2 child care: 185% FPL Effective April 1, 2004		ONGOING income eligibility ceiling: 200% FPL	
	monthly	Annual	Monthly	Annual
2	\$ 1,926	\$23,112	\$ 2,082	\$ 24,984
3	\$ 2,416	\$ 28,992	\$ 2,612	\$ 31,344
4	\$ 2,906	\$ 34,872	\$ 3,142	\$ 37,704
5	\$ 3,396	\$ 40,752	\$ 3,672	\$ 44,064
6	\$ 3,887	\$ 46,644	\$ 4,202	\$ 50,424
7	\$ 4,377	\$ 52,524	\$ 4,732	\$ 56,784
8	\$ 4,867	\$ 58,404	\$ 5,262	\$ 63,144
9	\$ 5,357	\$ 64,284	\$ 5,792	\$ 69,504
10 or more	\$ 5,848	\$ 70,176	\$ 6,322	\$ 75,864



CHILD CARE REGULATION IN WISCONSIN

Licensing

Wisconsin laws require **licensing** of any program providing care and supervision of 4 or more children under age 7 who are unrelated to the provider. A license is a permit to do business in the state. Licensing is administered by the Department of Health and Family Services through its regional offices. There are three categories of licensing:

- Group Day Care Centers serving 9 or more children
- Family Day Care Centers serving 4-8 children
- Day Camps

Regulations address building and fire safety, qualifications of staff (including training and criminal record checks), staff-child ratios, health and sanitation, indoor and outdoor space, meals and snacks, and the program of activities provided. Licensed programs are regularly inspected.

Certification

Wisconsin laws also require that child care services which are not required to be licensed, but which receive public reimbursement, must be **certified** for basic health and safety. Certification is intended to provide basic protections when public funds are involved in child care services. Certification is administered by county departments of human/social services. These are the following types of certification:

- Regularly certified family day care homes
- Provisionally certified family day care homes
- School-age programs

These programs are not required to be licensed because no more than 3 children under age 7 are in care. The regulations for certified child care are considerably simpler than licensing requirements. All providers must meet basic health and safety standards and pass criminal record checks. Regularly certified family day care providers must complete 15 hours of training. Provisionally certified family day care providers are not required to complete training. All certified family day care programs must receive at least an initial site inspection. School-age programs serving children 7 years old and older must meet a set of standards including training and experience requirements for personnel and building inspections.

SUMMARY: CHILD CARE REIMBURSEMENT RATES

1. RATES FOR LICENSED CHILD CARE PROVIDERS

Rate setting

Child care providers serving 4 or more children under age 7 are required to be licensed by the state. Maximum reimbursement rates for licensed day care centers (serving 9 or more children) and licensed family day care providers (serving 4-8 children) are set by each county and tribe. The rates are set based on an annual market survey so that 75% of the child care slots in the county or tribe can be purchased within the rate. Rates are set separately for licensed group day care centers and for licensed family day care centers, for four different age groups: under two years, 2-3 years, 4-5 years and 6-12 years. Hourly reimbursement rates are set based on the survey. The hourly reimbursement rate is set so that it reflects the higher cost of part-time care. Weekly reimbursement ceilings are also established based on the survey.

Accredited rates

Effective in 1997, maximum reimbursement rates for programs which are accredited as meeting high quality standards are set at 10% higher than the normal rates set by market survey.

Payment on enrollment

Licensed providers are reimbursed for all hours children are enrolled where reimbursement has been authorized. This policy is generally referred to as payment on enrollment. The only exception to this policy is when the child care schedule or work schedule is unpredictable or widely varying (see below).

Payment on attendance

When the child care or work schedule is unpredictable or widely varying, payments to licensed providers are made only for days attended, instead of based on enrollment. Payment rates to licensed providers based on attendance are increased by 10% to help compensate for absent days.

Hourly rates and weekly ceilings

Licensed providers that are paid on an hourly rate for care provided are paid up to a weekly ceiling. Payments to providers cannot exceed the weekly ceiling or the provider's published weekly price, whichever is less.

2. RATES FOR CERTIFIED CHILD CARE PROVIDERS

Smaller, more informal child care settings which are not required to be licensed are required to be certified for public funding. Under state statutes, rates for certified providers are to be set:

- at 75% of the licensed family day care center rates, for regularly certified providers (who have completed training)
- at 50% of the licensed family day care center rates, for provisionally certified providers (who have not completed training)

Certified providers are paid an hourly reimbursement rate only for days attended, up to a maximum amount of hours authorized. Payments cannot exceed the weekly ceiling set for licensed family day care providers.

3. PARENT COPAYMENTS

Family copayment responsibilities are factored into reimbursement to providers on a case-by-case basis. Copayment collection is the responsibility of the provider.

SUMMARY: CHILD CARE COPAY SCHEDULE

The child care copay schedule has several features:

- **Most families have a copay responsibility.**
- **The copay amounts are flat amounts based primarily on family size and income, rather than based on percent of cost.**
- **The copay amounts start at low levels and increase as income increases.**
- **The copay amounts used to calculate child care authorizations are set so they never exceed 12% of gross family income.**
- **The copay amounts are different, depending on whether the parent chooses licensed or certified care. The copay amounts are 30% lower for certified care.**
- **The copay increases for each additional child in subsidized care, depending on family income.**
- **No copay is required for participants in Learnfare or FSET or for children in foster care or court ordered kinship care.**
- **Children authorized for child care 20 or fewer hours per week will have a part-time copay. This will be half of the regular copay amount.**
- **A minimum copay is used for teen parents in high school and non-court ordered kinship care children. For one month after a family leaves a W-2 employment position for unsubsidized work, the minimum copay is also used.**

The copay chart can be found on this website under Child Care Co-Payment Schedule for Licensed and Certified Care or through the link provided here.

<http://www.dwd.state.wi.us/dws/programs/childcare/wishares/pdf/cc2004fpl.pdf>